

Message Text

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ORIGIN ARA-17

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DRAFTED BY ARA/ CEN: IALBA, ARA/ CEN/ CR: JGSULLIVAN: SLC
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FM SECSTATE WASHDC
TO AMEMBASSY SAN JOSE PRIORITY

C O N F I D E N T I A L STATE 130831

E. O. 11652: GDS

TAGS: ETRD, PINT, CS

SUBJECT: CEMENTOS DEL PACIFICO CONTRACT

REF: (A) SAN JOSE 2371 (B) SAN JOSE 2328

1. ON BASIS OF REFTEL B, ARA/ CEN OFFICER CALLED MR. MICHAEL O' REARDON OF OGDEN CORP. EXPORT DIVISION, AND INQUIRED GENERALLY ABOUT CLINKER EXPORT PROJECT OF CEMENTOS DEL PACIFICO. O' REARDON ASKED WHY STATE DEPARTMENT WAS INTERESTED IN MATTER. WE RESPONDED THAT INQUIRY WAS MERELY ROUTINE AND ON BASIS OF NORMAL INTEREST OF EMBASSY AND DEPARTMENT IN A BUSINESS PROJECT. O' REARDON THEN RELATED HISTORY OF PROJECT: I. E. THAT CEMENTOS HAD FIRST APPROACHED OGDEN WITH HOPES OF OBTAINING FINANCING. OGDEN RESPONDED NEGATIVELY. O' REARDON ADDED THAT HE UNDERSTOOD THAT A BANK IN WISCONSIN AND OTHERS WILL FINANCE PROJECT, AND THAT EQUIPMENT IS COMING FROM SPAIN. ACCORDING TO O' REARDON, CEMENTOS THEN ASKED ABOUT MARKETING TO WHICH OGDEN REPLIED IT DID HAVE THE EXPERTISE TO MARKET THE CLINKER. US. NOW IMPORTS CLINKER FROM CANADA AND SCANDINAVIA. OGDEN TOLD CEMENTOS THAT ONLY IF CEMENTOS SOLD ITS ENTIRE OUTPUT TO OGDEN WOULD OGDEN BE INTERESTED. O' REARDON ADDED THAT PRODUCTION
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WOULD BE ABOUT ONE MILLION TONS PER YEAR, AND THAT CLINKER WOULD NOW SELL IN COSTA RICA AT ABOUT \$12 PER TON. HE SAID TRANSPORTATION COSTS TO U. S. WOULD INCREASE

COST APPROXIMATELY \$5 TO \$6 A TON. O' REARDON ADDED THAT NO RPT NO CONTRACT HAD BEEN SIGNED, AS THE PLANT IS STILL NOT IN PRODUCTION. O' REARDON DID NOT INDICATE WHETHER CONTRACT WOULD PROVIDE FOR OGDEN TO MARKET CLINKER, OR BUY AND LATER SELL IT.

2. THE ABOVE INFORMATION WAS VOLUNTEERED BY O' REARDON ON THE BASIS OF THE ORIGINAL VERY GENERAL OPENING QUERY, AND ONE LATER QUESTION ON MARKETING ARRANGEMENTS. O' REARDON WAS VERY OPEN AND FORTHCOMING IN PROVIDING INFORMATION. THE ONLY MENTION OF OGDEN FINANCING WAS THAT MADE BY O' REARDON ABOVE. AT NO TIME DID DEPT OFFICIAL MENTION OGDEN EQUITY PARTICIPATION AS ORTIZ CLAIMED IN PARA ONE OF REFTTEL A.

3. IT SHOULD ALSO BE NOTED THAT INTEREST OF THE EMBASSY, RATHER THAN OF THE AMBASSADOR, WAS MENTIONED AND THAT IN ONLY A VERY GENERAL WAY. GARBLING OF TELCON SUBSTANCE APPARENTLY OCCURRED SOMEWHERE EN ROUTE TO ORTIZ. RUSH

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